



Greater Lincolnshire LEP Finance & Audit Committee

11th July 2018

Lancaster House, 36 Orchard Street, Lincoln, LN1 1XX

Welcome and Apologies

Present

Andy Orrey (Independent Chair) (AO)
David Dexter (LEP Deputy Chair and Director) (DD)
Stephen Deville (Bishop Grosseteste University) (SD)

Officers - Linsay Hill Pritchard (LCC/ Accountable Body) (LHP), Kate Storey (LEP Commissioning Officer) (KS), Laura Spittles (Minute Taker)

Guest – Robert Anderson (Streets Chartered Accountants)

Apologies: Ian Knowles (WLDC), Janet Hemmant (Boston College), Ruth Carver (LEP Director)

AO welcomed all the meeting and deemed it quorate and asked for any declarations of Interest. LHP and KS declared that they would leave the room once Item 6 on the agenda was discussed.

Welcome and Introductions

All introduced themselves as Robert Anderson was present.

F&A Committee Minutes of Previous Meeting

No issues raised although it was noted that SLH was mentioned as being invited to this meeting. This will now be carried over to the next meeting when more members are present.

A separate Action List will now be produced for every meeting.

Year End Report from the Accountable Body

The Financial Year End Report has now been drafted for 2017-18. All transactions were audited by Streets Audit LLP. Once signed off by the Directors Board the report will be published on the LEP website. There were some recommendations that the F&A Committee were asked to consider.

The core funding budget had a slight underspend of £18,602. This was partly due to staffing changes and extra money the LEP received back from Business Live 2017. The F&A Committee were happy to recommend that this money be placed back in reserves.

The total Feasibility Fund Pot is £375,982 with a total of 8 contracts currently awarded. There are 3

more projects that remain uncontracted but are in the final stages of agreement. A programme underspend of 44,674 was identified at year end however LHP updated the committee that is now in excess of £70,000. A recommendation was made that this money should be placed on a reserve – if the Board felt inclined to create the reserves, then the F&A Committee confirmed they were available.

SD commented on the fact that some projects estimated spend is substantially different to the actual costs which can impact on other projects which could have progressed. LHP agreed that she would raise this with the Feasibility Fund manager.

The Business Investment Fund is being managed through the Growth Hub and Greenborough Management Consultants. So far only the £15,000 management fee has been spent. One contract has been issued but not formally agreed.

As part of the Invest to Grow Fund a loan was made to Lawn Investment. It has been estimated that approx. £20,000 of interest is due but this has not been invoiced/accrued and was identified during the Streets Audit. The question was raised whether the F&A Committee agree for this to be accrued or whether it should be disclosed as well. There was no particular preference as to which way this action was carried out. LHP advised that the item had been disclosed on the draft Annual Summary.

DD noted that 2 of the projects under Single Local Growth Fund had grants paid but haven't submitted any expenditure details yet. LHP confirmed this was actioned as part of the LEP's freedom and flexibilities to secure the allocation. A risk based approach was taken and the Accountable Body will continue to monitor and report back on all freedom and flexibilities utilised.

DD questioned the term 'Expenditure' as the correct terminology for the table in reference to the Loans and Grants. For example Golf Road, Mablethorpe was paid out as a loan and paid back but recorded as expenditure. It was agreed that the Invest to grow expenditure line would be split to show loan investments and then other costs within the fund.

It was also noted that the income the LEP receive is held in the LCC bank account. RA asked whether this money is clearly identified as belonging to the LEP and whether LCC itemise this money when they produce their own Financial Statements. LHP confirmed that the LEP finances were identified through separate coding and would assess what was included within the Accountable body financial reporting.

F&A Committee agreed the contents of the Financial Year End paper and the Annual Financial Summary subject to the minor changes detailed above.

Judicial Review Scunthorpe United V Greater Lincolnshire LEP Ltd

LHP updated the committee on the current status of the Judicial review. A full published report will be presented to the LEP Board on the 20th July. AO asked if there is a potential cost to the LEP and whether this was factored in to the finances LHP confirmed that there were reserves available to pay for legal costs.

Review of Reserves Policy and Recommendations on reserves application

The LEP operate 3 main cash balance reserves. LHP confirmed interest gained on the balances at year end and asked the committee to implement the current policy and discuss the potential use of uncommitted reserves. The accountable body costs were also identified and the committee were asked to make a recommendation following the year-end audit that these could be paid.

The Committee were happy to agree the Accountable Body costs for 2017-18 and made a recommendation to board that these could be paid. The Committee made the recommendation that interest on the Growing places reserve be kept within that cash balance as per the agreed policy.

LHP advised that she would confirm in writing to the committee estimated costs and interest values for the 2018-19 period.

The Committee were asked to consider the use of uncommitted reserves and a recommendation was made for a 3 year post on Skills Delivery. The Skills sector is an extremely large sector which is continually growing. The LEP currently only have one Skills Manager so an extra post would help out with this workload. If this allocation is available then the F&A Committee are happy to recommend this post to the main LEP Board.

A recommendation was also made that a £15,000 contribution is made to the Greater Lincolnshire Leaders Board. This will help them develop a Growth Deal Evidence Base so that the LEP will be in a better future position to help make decisions on future projects. All agreed this recommendation to Board.

As part of the Mary Ney Review the S151 Officer will start attending the main LEP Board Meetings.

DD asked what would happen to the Accountable Body post if for some reason LHP wasn't available for this. The post would most likely be recruited into but for any short-term pressure the LEP would seek support from the accountable body finance department. A project officer also supports the work and has extensive knowledge of the funds and projects. Louise Greensmith will be invited to a future meeting to meet everyone. LHP also has an Operational Manual held in the office.

LHP to show the reserves as committed and un-committed.

The GLLEP Interest Policy and the Financial Interest Accrued Policy were both agreed.

It was commented that future agenda items could include other teams from the LEP to explain more about the work that they do (Growth Hub, EU Funding, and Local Industrial Strategy).

Streets Audit Report

LHP and KS left the room for this discussion.

RA reported that Streets had carried out the Audit on the LEP. Systems and controls the LEP have in place were reviewed, along with a walkthrough of a SLGF project. No major issues arose. The files were kept in a well organised manner with easy to find information. One issue noted was the interest on The Stoke café Lawns loan which has already been discussed.

RA raised the possibility of having a separate bank account for the LEP transactions rather than using the LCC one. All agreed that the current situation works as it is with using the LCC bank account and resources.

RA also pointed out that as the LEP is a dormant Ltd Company some of the wording on the Financial Statement should be less formal and should be called a summary rather than a report.

RA said he would be happy to review other areas and agreed that the Streets report be put on the website.

AO thanked RA and Streets for the work carried out with regards to the Audit.

Any Other Business

The future dates of the meetings will be set soon so they are in diaries.

Date of Next Meeting

TBA – September 2018